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SUBJ: NARCOTICS: CONSULTATION WITH INDIA ON ARTICLE 9 OF CND
AGENDA ITEM

1. IN EXTENSIVE DISCUSSION ON NOVEMBER 13 WITH WELLMAN (S/NM) AND
EMBOFF WARREN CONCERNING WORLD OPIUM SUPPLIES AND REQUIREMENTS FOR
MEDICAL AND SCIENTIFIC PURPOSES. REVENUE COMMISSIONER JASJIT SINGH
DISCLOSED INDIAN ANALYSIS OF SITUATION AND INDIAN INTENTIONS AND PRO-
JECTIONS AS FOLLOW:

2. CONTROLS: INDIA WILL NOT EXTEND AREA OF POPPY CULTIVATION EX-
CEPT UNDER CONDITUONS WHICH WILL ASSURE CONTROL EQUAL TO THAT NOW
EXERCISED OVER CURRENT PAINTINGS.

AREA LICENSED THIS YEAR IS MUCH GREATER THAN LAST,
WHEN PLANTINGS WERE REDUCED BY DROUGHT FROM 45,000 TO 37,000
HECTARES. IN THE FACE OF PRESSING AND INSISTENT DEMANDS FROM ALL
PARTS OF THE WORLD FOR MORE OPIUM, INDIA HAS EXPANDED CULTIVATION
ONLY IN CONTIGOUS AREAS SO THAT CONTROL WILL BE MAINTAINED.
IN ORDER TO REDUCE TEMPATATION FOR FAMERS TO DIVERT TO ILLICIT
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MARKET, INDIA INCREASED PRICE TO CULTIVATORS SUBSTANTIALY

WITHOUT INCREASING INTERNATIONAL PRICE EXCEPT TO REFLECT DOLLAR DEVALUATION. INDIA IS CONVINCED THERE IS VERY LITTLE LEAKAGE TO ILLICIT MARKET, AND BELIEVES CONTROL SYSTEM IS TRIED AND EFFECTIVE. SINGH ACKNOWLEDGES POTENTIAL DANGER OF DIVERSION AND SAID GOI WOULD BE VIGILANT TO PREVENT IT.

3. 1973 SITUATION: BASED ON INCB 1973 ESTIMATE, WORLD REQUIREMENTS FOR GUM OPIUM ARE 1,580 TONS, OF WHICH 1,396 IS USED FOR MANUFACTURE OF OPIATES AND 184 FOR CONSUMPTION AS OPIUM ITSELF. OF 200 TONS MORPHINE REQUIRED IN 1973, INCB ESTIMATES 30-36 O/O PRODUCED FROM POPPY STRAW AND 64-70 O/O FROM GUM OPIUM. WITH NO STRAW AVAILABLE FROM TURKEY BECAUSE OF BAN ON OPIUM CULTIVATION, INDIA ESTIMATES THAT ONLY 25 O/O OF MORPHINE REQUIREMENTS CAN BE MET FROM STRAW, LEAVING 75 O/O OR 150 TONS TO BE PRODUCED FROM GUM OPIUM.

4. 1974 PROJECTION: COMPARED TO EXPORT AVAILABILITIES IN 1973 OF 842 TONS, INDIA EXPECTS EXPORTS AVAILABILITIES IN 1974 OF 1,130 TONS. TOTAL WORLD REQUIREMENTS INCLUDING INDIA ARE ESTIMATED AT 1,550 TONS. THIS LEAVES A SHORTFALL ON CURRENT ACCOUNT OF ABOUT 400 TONS. ON TOP OF THIS, INDIA HAS BUILT UP NO STOCKS ALTHOUGH STOCKS POSSIBLY FOR TWO YEARS WOULD BE ADVISABLE FOR SUCH A DELICATE CROP. IN THE FACE OF THIS SITUATION, SINGH DID NOT UNDERSTAND U.S. POSITION AS REPORTED IN THE PRESIDENT'S STATEMENT OF JUNE 1971 CALLING FOR EVENTUAL ELIMINATION OF OPIUM CULTIVATION WORLDWIDE. HE SAID INDIA SUPPORTS GOAL OF ELIMINATION OF ILLICIT PRODUCTION, BUT NOT LICIT PRODUCTION.

5. INDIA PROPOSES TO MAKE UP THIS SHORTFALL IN THREE WAYS: A) BY INCREASING ACREAGE IN STAGES; B) BY INCREASING THE MORPHINE CONTENT OF OPIUM PRODUCED, OR C) OBTAINING OPIUM THROUGH SEIZURES. JASJIT SINGH WAS VARY OF GREATLY INCREASING THE AREA UNDER CULTIVATION BECAUSE OF THE POTENTIAL CONTROL PROBLEMS. BY ITS OWN RESEARCH INDIA INCREASED MORPHINE CONTENT IN 1973 FROM 9.5 TO ALMOST 11 PERCENT. SINGH DID NOT FORSEE MUCH OPPORTUNITY TO MAKE USE OF SEIZURES, SINCE MOST SEIZED OPIUM IS HEAVILY DILUTED.

6. POPPY STRAW: OPIUM POPPIES GROWN IN TURKEY WERE LANCED ONCE LIMITED OFFICIAL USE

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ONLY, AND, CONSEQUENTLY, STRAW HAD SUBSTANTIAL MORPHINE CONTENT. OPIUM POPPIES GROWN IN INDIA ARE LANCED FROM 3 TO 5 TIMES AND THUS, STRAW HAS SMALLER MORPHINE CONTENT AND ACCORDINGLY HAS NOT YET BEEN PROCESSED. SINGH NOTED, HOWEVER, THAT RISING MORPHINE PRICES ARE MAKING INDIA A POPPY STRAW PROCESSING MORE WORTHWHILE. NOTHING THAT INDIA HAD RECEIVED PROPOSALS FROM YUGOSLAVIA AND NETHERLANDS TO CONSTRUCT A POPPY STRAW PLANT HERE, SINGH STATED HIS VIEW THAT PROCESSING STRAW IN INDIA WAS MORE PRACTICAL THAN BULK-SHIPPING

THE STRAW ITSELF OVERSEAS FOR PROCESSING. INDIAN RESEARCH HAS NOT YET DEVELOPED AN INDIGENOUS PROCESSING CAPABILITY, AND INDIA WOULD WELCOME UN ASSISTANCE IN PROCESSING KNOW-HOW AND TECHNOLOGY.

7. INTERNATIONAL POLICY DECISION REQUIRED: IN INDIAN VIEW, THE CND AS THE RESPONSIBLE INTERNATIONAL BODY MUST EXPRESS ITSELF ON THIS MATTER. INDIA IS PREPARED TO PROVIDE A SERVICE FOR THE WORLD, AND RECOGNIZES A RESPONSIBILITY TO DO SO. THIS IS NOT SIMPLY A COMMERCIAL UNDERTAKING FOR PROFIT. SINGH PROPOSED THAT THE U.S. AND INDIA COLLABORATE IN A RESOLUTION WHICH THE CND COULD APPROVE. (HE LATER INFORMED WELLMAN HE WOULD SEND A PROPOSED DRAFT RESOLUTION FOR U.S. CONSIDERATION)

8. U.S. REQUIREMENTS: FINALLY, SINGH TURNED TO THE QUESTION OF U.S. OPIUM REQUIREMENTS AND REFERRED TO THE TABULATION ATTACHED TO THE IFPIA AIDE MEMOIRE OF OCTOBER 11, HOUEN SHOWING INDIAN TOTAL EXPORTS, AND AMOUNTS AND PERCENTAGES OF EXPORTS TO U.S. SINCE 1967. HE CALLED ATTENTION TO THE DISCREPANCY BETWEEN THE STATEMENT OF ESTIMATED U.S. REQUIREMENTS IN OUR MEMORANDUM OF SEPTEMBER 19 TO THE INDIANS (327 TONS IN 1973 AND 375 TONS IN 1974) AND THE 214 TONS REPORTED BY THE INCB FOR THE U.S. FOR 1973. HE SAID THAT THE LARGER AMOUNTS REFLECTED U.S. MANUFACTURERS ESTIMATES OF U.S. REQUIREMENTS BUT ASKED FOR AN EXPLANATION OF THIS DISCREPANCY (DEPT. PLEASE PROVIDE EMBASSY NEW DELHI TO PASS TO GOI). HE ACKNOWLEDGED THAT IF INDIA SHOULD PROVIDE THE U.S. WITH 24 PERCENT (SAME PERCENTAGE AS IN 1972) OF ESTIMATED TOTAL EXPORT AVAILABILITIES FOR 1974 THIS AMOUNT WOULD STILL FALL SHORT OF U.S. ESTIMATED REQUIREMENTS BY ABOUT 100 TONS. MOYNIHAN

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